



PRESS RELEASE

Internal Revenue Service - Criminal Investigation
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Abusive Return Preparers Once Again Make the IRS “Dirty Dozen” 2016 Tax Scams

IRS Criminal Investigation Strives to Stop Abusive Return Preparers

Houston –The Internal Revenue Service warned taxpayers to be on the lookout for unscrupulous return preparers, one of the most common “Dirty Dozen” tax scams seen during tax season.

The vast majority of tax professionals provide honest, high-quality service. But there are some dishonest preparers who set up shop each filing season to perpetrate refund fraud, identity theft and other scams that hurt taxpayers. That's why unscrupulous preparers who prey on unsuspecting taxpayers with outlandish promises of overly large refunds make the Dirty Dozen list every year.

"Choose your tax return preparer carefully because you entrust them with your private financial information that needs to be protected," said IRS Commissioner John Koskinen. "Most preparers provide high-quality service but we run across cases each year where unscrupulous preparers steal from their clients and misfile their taxes."

Return preparers are a vital part of the U.S. tax system. About 60 percent of taxpayers use tax professionals to prepare their returns.

Illegal scams can lead to significant penalties and interest and possible criminal prosecution. IRS Criminal Investigation works closely with the Department of Justice (DOJ) to shutdown scams and prosecute the criminals behind them.

"Dishonest return preparers use a variety of methods to cheat the government, including falsifying information on the tax returns to generate larger refunds for their clients," said D. Richard Goss, Special Agent in Charge, Houston Field Office, IRS Criminal Investigation. "Criminal Investigation will continue to ensure that all tax practitioners, tax preparers and others who practice in the tax law profession adhere to professional standards and follow the law."

In the Houston-area alone, the following abusive tax preparers were recently sentenced:

Houston Tax Return Preparer Sentenced for Filing False Tax Returns

On June 1, 2015, in Houston, Diane Caldwell Larry was sentenced to 12 months and one day in prison, one year of supervised release and ordered to pay \$168,792 in restitution. While operating a tax return preparation service under the name Paradise South Tax Services, Larry prepared 33 materially false client tax returns for tax years 2007 through 2010. Those returns generated excessive refunds and caused aggregate losses to the IRS totaling approximately \$168,792. Larry included in these client tax returns fraudulent “side business” losses and false and excessive itemized deductions and credits in order to generate larger refunds. When some of these tax returns were audited, Larry made up false documents to create an illusion of legitimacy for some of the false and excessive itemized deductions and credits.

Texas Tax Return Preparer Sentenced for False Returns

On May 22, 2015, in Houston, Doyle J. Blevins Jr. was sentenced to 24 months in prison, one year of supervised release and ordered to pay \$285,147 in restitution. Blevins owned and operated Total Refund Tax Service in Willis until 2012. Blevins included false deductions in at least 71 tax returns for tax years 2008 through 2010 without his clients’ knowledge or consent, which fraudulently increased their refunds. The most egregious fraudulent refund was obtained in a 2009 tax return that included a \$23,248 loss for a non-existent family counseling business.

Richman Tax Return Preparer Sentenced for Preparing False Income Tax Return

On Jan. 23, 2015, in Houston, Simon Makangula, an income tax return preparer, was sentenced to 18 months in prison and ordered to pay \$51,645 in restitution to the IRS. Makangula pleaded guilty on Oct. 15, 2014 to willfully aiding and assisting in the preparation of a false income tax return for a client. Makangula admitted that the return contained two false dependents, a false refundable education credit, a false earned income credit and a false Schedule C loss from a sole proprietorship that the taxpayer did not have. Makangula admitted that the tax loss on the return in question was approximately \$9,731.

It is important to choose carefully when hiring an individual or firm to prepare your return. Well-intentioned taxpayers can be misled by preparers who don’t understand taxes or who mislead people into taking credits or deductions they aren’t entitled to in order to increase their fee. Every year, these types of tax preparers face everything from penalties to even jail time for defrauding their clients.

For information and tips about choosing a preparer, better understand the differences in credentials and qualifications, research the IRS preparer directory, and learn how to submit a complaint regarding a tax return preparer, visit www.irs.gov/chooseataxpro.

Remember: Taxpayers are legally responsible for what is on their tax return even if it is prepared by someone else. Make sure the preparer you hire is up to the task.

For additional information about IRS Criminal Investigation, please visit irs.gov.

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